GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:5405
ANSWERED ON:22.12.2000
PROCUREMENT OF FOODGRAINS
JASWANT SINGH YADAV

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the expenditure being incurred by Food Corporation of Indiaon procurement, storage and distribution of wheat and rice has been rising constantly during the last three years;

(b) if so, the details thereof;

(c) whether the expenditure has been classified separately;

(d) if so, the details thereof and the reasons for the constant increase in the expenditure; and

(e) the steps being taken by the Government to check the increasing expenditure?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI CHAUHAN)

(a),(b),(c) & (d): Yes, Sir. Economic cost of wheat and rice, which is inclusive of procurement, storage and distribution cost, of the Food Corporation of India during the last three years, is given in the Annexure. The expenditure is classified as procurement incidentals and distribution cost item-wise. While the main reasons for increase in the expenditure on procurement are the constant increase in MSP every year and the statutory taxes levied by State Governments on advalorem basis, increase indistribution cost is attributable to increased expenditure on freight and interest. With progressive implementation of 50 kg. packing handling costs and the cost of gunny bags are also increasing.

(e) Major part of the Economic cost of foodgrains of FCI is beyond its control being the cost of naked grain and statutory charges levied by the State Governments. Economic cost can thus be reduced only to the extent FCI is able to contain/reduce its controllable charges, which is essentially the handling cost. For this, the FCI has, inter-alia, been taking following important steps:-

(i) Achieving average capacity utilization of 75% to reduce storage cost even though the procurement of grains is seasonal.

(ii) Adhering to the procurement and movement ratio norms of 1:1.35 as fixed by the Government of India to reduce the expenditure on freight.

(iii) Making continuous efforts to reduce shortages in handling of foodgrains.

(iv) Making efforts to reduce the incurrence of railway demurrage charges.

(v) Issuing of old stocks, disposing of C & D category of stocks andintroducing direct supervision on movement of foodgrains to control the incidence of transit and storage shortages.

(vi) Machine stitching of gunnies and handling of foodgrains in 50 kg. bags to reduce the storage and transit loss.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PARTS (a),(b),(c) & (d) OF UNSTARRED QUESTION NO. 5405 FOR ANSWER II LOK SABHA ON 22-12-2000.

ECONOMIC COST OF WHEAT AND RICE FROM 1997-98 TO 1999-2000

(Rs./Qtl.)

WHEAT :

1997-98 1998-99 1999-2000

A. Pooled cost 484.34 507.12 517.52
B. Procurement incidentals including storage charges 108.99 110.08 132.10
C. Carry-over charges to the State Governments. 13.68 16.87 34.57
D. ACQUISITION COST (A+B+C) 607.01 634.07 684.19
E. DISTRIBUTION COST (including storage charges) 179.34 163.09 140.55
F. ECONOMIC COST 786.35 797.16 824.74

RICE : (including paddy in terms of rice)

1997-98 1998-99 1999-2000

A. Minimum Support Price (Weighted) 439.30 464.30 514.30
B. Procurement incidentals including storage charges 112.74 116.27 127.6
C. Cost of 1 qtl. of pady 552.03 580.57 641.91
D. Cost of 1 qtl. of rice at 67% OTR 823.94 866.52 959.87
E. Cost of Gunny and Gunny Deprecition 38.05 38.05 47.46
F. ACQUISITION COST 861.99 904.57 1007.33
G. DISTRIBUTION COST (including storage charges) 170.88 170.88 170.88
H. ECONOMIC COST 032.87 1075.45 1178.21